1: Bowen-Jones et al. K-5 (1955-1958) 1961
EZ6 Malta EZ6

433 458 The main relevant conclusion was unmistakably ominous: 'Government expenditure has more than made up for that of the Knights, and has diverted more of the labour of the population to the service, direct or indirect, of the foreign government which applied it to purposes entirely Imperial and unconnected with the special interests of the colony. Doubtless this expenditure has led to immediate prosperity... but the basis of this prosperity is artificial and precarious' (6). It is possible to argue the degree of validity of the third premiss of the first clause but the general truth is undeniable. This general picture is so clear that in this particular chapter attention will be focussed only on some aspects of the Maltese economy as it has developed during the last 50 years.

43 The changing character of Maltese Trade is well evidenced in the annual reports of the Customs and Port Department. Before World War I, Malta was still of some importance in Mediterranean transit trade, partfcularly for goods destined for North African and Levant ports. Between 1910 and 1922 the annual average weight of such merchandise handled was 17,000 tons (7). This activity almost disappeared during hostilities and after a short post-war boom settled down at a new low level handling only some 3,000 tons of merchandise. In part this was due to the elimination of the important German and Austrian connection which, in a Report published in 1919 (8), was the subject of much hostile Maltese comment. More important was the fact that the gap thus left was not filled by other foreign or local interests. The Maltese writers of the 1919 Report were not able to obtain their desire 'to have a company formed by a few merchants, who would thus teach Maltese capitalists that the investment of moneys in industries and especially in shipping is more profitable and better for the Islands and for the capitalists themselves, than the investment in doubtful securities or in reckless speculation'. The fundamental difficulties of expanding port [504] activity have remained. Malta, for all the grandiloquence of the name 'Grand Harbour', has until very recently possessed but poor physical facilities for handling shipping. All vessels of over 2,000 tons have had to be worked by lighter, and civil repair facilities as well as warehousing have been extremely limited. In that the needs of the Fleet have been paramount this is understandable; the consequences have been deplorable. The absence of enthusiasm for [454] local investment of Maltese capital has been equally inhibiting. There survives, even intensified during the 1930's, a traditional feeling of insecurity which was succinctly noted by a banker giving evidence before the 1911 Commission: 'There is plenty of money in the Island... there is not much trust, I think' (9). Even now, while the rate of saving in Malta is very high - c. 14 per cent. of total personal income, too large a proportion of the savings are invested abroad - some £70 millions. Given this basic insecurity, which still appears in conversations with business men and which is so deeply rooted as to be very difficult to remove, development is difficult. Moreover, since the Maltese for an island [298] people are singularly non-maritime in character, and, in conditions no more difficult than in many other parts of the Mediterranean, have almost ignored the fishery industry (10), there exists no traditional basis for marine affairs. In these circumstances the value of the handing over of the Naval base to British civilian firms, and the policy of attracting foreign (mainly British) manufacturing concerns, thus making available both facilities and most of the capital, is on economic grounds indisputable.

439 457 One other aspect of port and trading activities must be examined, the nature and balance of imports and exports. The changing character of world trade in the first place has vitally affected the nature of Malta's entrepôt activity. By 1956, the value of re-exports had reached over two and a half million pounds, of which one and a half million represented mineral fuels and lubricants, mainly aviation spirit and turbine fuel (11). This is still the pattern today. Of Malta's transit trade in re-exports, by far the biggest proportion is concerned with supplying the Garrison in its new and more mobile form. The imbalance between retained imports and domestic exports remains essentially similar to that observed very much earlier and is best examined in conjunction with other economic elements.